

U.S. Customs and Border Protection, DHS; Treasury

§ 111.1

- 111.18 Reapplication for license.
- 111.19 Permits.

Subpart C—Duties and Responsibilities of Customs Brokers

- 111.21 Record of transactions.
- 111.22 [Reserved]
- 111.23 Retention of records.
- 111.24 Records confidential.
- 111.25 Records must be available.
- 111.26 Interference with examination of records.
- 111.27 Audit or inspection of records.
- 111.28 Responsible supervision.
- 111.29 Diligence in correspondence and paying monies.
- 111.30 Notification of change of business address, organization, name, or location of business records; status report; termination of brokerage business.
- 111.31 Conflict of interest.
- 111.32 False information.
- 111.33 Government records.
- 111.34 Undue influence upon Department of Homeland Security employees.
- 111.35 Acceptance of fees from attorneys.
- 111.36 Relations with unlicensed persons.
- 111.37 Misuse of license or permit.
- 111.38 False representation to procure employment.
- 111.39 Advice to client.
- 111.40 Protests.
- 111.41 Endorsement of checks.
- 111.42 Relations with person who is notoriously disreputable or whose license is under suspension, canceled “with prejudice,” or revoked.
- 111.43–111.44 [Reserved]
- 111.45 Revocation by operation of law.

Subpart D—Cancellation, Suspension, or Revocation of License or Permit, and Monetary Penalty in Lieu of Suspension or Revocation

- 111.50 General.
- 111.51 Cancellation of license or permit.
- 111.52 Voluntary suspension of license or permit.
- 111.53 Grounds for suspension or revocation of license or permit.
- 111.54 [Reserved]
- 111.55 Investigation of complaints.
- 111.56 Review of report on investigation.
- 111.57 Determination by Assistant Commissioner.
- 111.58 Content of statement of charges.
- 111.59 Preliminary proceedings.
- 111.60 Request for additional information.
- 111.61 Decision on preliminary proceedings.
- 111.62 Contents of notice of charges.
- 111.63 Service of notice and statement of charges.
- 111.64 Service of notice of hearing and other papers.
- 111.65 Extension of time for hearing.

- 111.66 Failure to appear.
- 111.67 Hearing.
- 111.68 Proposed findings and conclusions.
- 111.69 Recommended decision by hearing officer.
- 111.70 Additional submissions.
- 111.71 Immaterial mistakes.
- 111.72 Dismissal subject to new proceedings.
- 111.73 [Reserved]
- 111.74 Decision and notice of suspension or revocation or monetary penalty.
- 111.75 Appeal from the Secretary’s decision.
- 111.76 Reopening the case.
- 111.77 Notice of vacated or modified order.
- 111.78 Reprimands.
- 111.79 Employment of broker who has lost license.
- 111.80 [Reserved]
- 111.81 Settlement and compromise.

Subpart E—Monetary Penalty and Payment of Fees

- 111.91 Grounds for imposition of a monetary penalty; maximum penalty.
- 111.92 Notice of monetary penalty.
- 111.93 Petition for relief from monetary penalty.
- 111.94 Decision on monetary penalty.
- 111.95 Supplemental petition for relief from monetary penalty.
- 111.96 Fees.

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§ 111.0 Scope.

This part sets forth regulations providing for the licensing of, and granting of permits to, persons desiring to transact customs business as customs brokers, including the qualifications required of applicants, and the procedures for applying for licenses and permits. This part also prescribes the duties and responsibilities of brokers, the grounds and procedures for disciplining brokers, including the assessment of monetary penalties, and the revocation or suspension of licenses and permits.

Subpart A—General Provisions

§ 111.1 Definitions.

When used in this part, the following terms have the meanings indicated:

Assistant Commissioner. “Assistant Commissioner” means the Assistant Commissioner, Office of International Trade, U.S. Customs and Border Protection, Washington, DC.

Broker. “Broker” means a customs broker.

Corporate compliance activity. “Corporate compliance activity” means activity performed by a business entity to ensure that documents for a related business entity or entities are prepared and filed with CBP using “reasonable care”, but such activity does not extend to the actual preparation or filing of the documents or their electronic equivalents. For purposes of this definition, a “business entity” is an entity that is registered or otherwise on record with an appropriate governmental authority for business licensing, taxation, or other legal purposes, and the term “related business entity or entities” encompasses a business entity that has more than a 50 percent ownership interest in another business entity, a business entity in which another business entity has more than a 50 percent ownership interest, and two or more business entities in which the same business entity has more than a 50 percent ownership interest.

Customs broker. “Customs broker” means a person who is licensed under this part to transact customs business on behalf of others.

Customs business. “Customs business” means those activities involving transactions with CBP concerning the entry and admissibility of merchandise, its classification and valuation, the payment of duties, taxes, or other charges assessed or collected by CBP on merchandise by reason of its importation, and the refund, rebate, or drawback of those duties, taxes, or other charges. “Customs business” also includes the preparation, and activities relating to the preparation, of documents in any format and the electronic transmission of documents and parts of documents intended to be filed with CBP in furtherance of any other customs business activity, whether or not signed or filed by the preparer. However, “customs business” does not include the mere electronic transmission of data received for transmission to CBP and

does not include a corporate compliance activity.

District. “District” means the geographic area covered by a customs broker permit other than a national permit. A listing of each district, and the ports thereunder, will be published periodically.

Employee. “Employee” means a person who meets the common law definition of employee and is in the service of a customs broker.

Freight forwarder. “Freight forwarder” means a person engaged in the business of dispatching shipments in foreign commerce between the United States, its territories or possessions, and foreign countries, and handling the formalities incident to such shipments, on behalf of other persons.

Officer. “Officer”, when used in the context of an association or corporation, means a person who has been elected, appointed, or designated as an officer of an association or corporation in accordance with statute and the articles of incorporation, articles of agreement, charter, or bylaws of the association or corporation.

Permit. “Permit” means any permit issued to a broker under § 111.19.

Person. “Person” includes individuals, partnerships, associations, and corporations.

Records. “Records” means documents, data and information referred to in, and required to be made or maintained under, this part and any other records, as defined in § 163.1(a) of this chapter, that are required to be maintained by a broker under part 163 of this chapter.

Region. “Region” means the geographic area covered by a waiver issued pursuant to § 111.19(d).

Responsible supervision and control. “Responsible supervision and control” means that degree of supervision and control necessary to ensure the proper transaction of the customs business of a broker, including actions necessary to ensure that an employee of a broker provides substantially the same quality of service in handling customs transactions that the broker is required to provide. While the determination of what is necessary to perform and maintain responsible supervision and control will vary depending upon the circumstances in each instance,

factors which CBP will consider include, but are not limited to: The training required of employees of the broker; the issuance of written instructions and guidelines to employees of the broker; the volume and type of business of the broker; the reject rate for the various customs transactions; the maintenance of current editions of CBP Regulations, the Harmonized Tariff Schedule of the United States, and CBP issuances; the availability of an individually licensed broker for necessary consultation with employees of the broker; the frequency of supervisory visits of an individually licensed broker to another office of the broker that does not have a resident individually licensed broker; the frequency of audits and reviews by an individually licensed broker of the customs transactions handled by employees of the broker; the extent to which the individually licensed broker who qualifies the district permit is involved in the operation of the brokerage; and any circumstance which indicates that an individually licensed broker has a real interest in the operations of a broker.

Department of Homeland Security or any representative of the Department of Homeland Security. “Department of Homeland Security or any representative of the Department of Homeland Security” means any office, officer, or employee of the U.S. Department of Homeland Security, wherever located.

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§ 111.2 License and district permit required.

(a) *License*—(1) *General.* Except as otherwise provided in paragraph (a)(2) of this section, a person must obtain the license provided for in this part in order to transact customs business as a broker.

(2) *Transactions for which license is not required*—(i) *For one’s own account.* An importer or exporter transacting customs business solely on his own account and in no sense on behalf of another is not required to be licensed, nor are his authorized regular employees or officers who act only for him in the transaction of such business.

(ii) *As employee of broker*—(A) *General.* An employee of a broker, acting solely for his employer, is not required to be licensed where:

(1) *Authorized to sign documents.* The broker has authorized the employee to sign documents pertaining to customs business on his behalf, and has executed a power of attorney for that purpose. The broker is not required to file the power of attorney with the port director, but must provide proof of its existence to Customs upon request; or

(2) *Authorized to transact other business.* The broker has filed with the port director a statement identifying the employee as authorized to transact customs business on his behalf. However, no statement will be necessary when the broker is transacting customs business under an exception to the district permit rule.

(B) *Broker supervision; withdrawal of authority.* Where an employee has been given authority under paragraph (a)(2)(ii) of this section, the broker must exercise sufficient supervision of the employee to ensure proper conduct on the part of the employee in the transaction of customs business, and the broker will be held strictly responsible for the acts or omissions of the employee within the scope of his employment and for any other acts or omissions of the employee which, through the exercise of reasonable care and diligence, the broker should have foreseen. The broker must promptly notify the port director if authority granted to an employee under paragraph (a)(2)(ii) of this section is withdrawn. The withdrawal of authority will be effective upon receipt by the port director.

(iii) *Marine transactions.* A person transacting business in connection with entry or clearance of vessels or other regulation of vessels under the navigation laws is not required to be licensed as a broker.

(iv) *Transportation in bond.* Any carrier bringing merchandise to the port of arrival or any bonded carrier transporting merchandise for another may make entry for that merchandise for transportation in bond without being a broker.